Mr. P. Kumaran Ezhuthassan (*Vadakkancherri*).—In answer to a question put by the Member for Jews the Hon'ble Member for Revenue has replied that the price of agricultural produce has improved. May I know to what extent has the price increased?

Mr. K. Achyuta Menon (*Diwan Peishkar*).—There has been a distinct advance in the price of cocoanut, copra, cocoanut-oil and paddy. The price of paddy is from 6 as. to 7 as. now. There is an increase of Rs. 2 in the price of cocoanuts.

Economic Depression—relief measures.

27. Mr. K. M. Ibrahim (*Cranganur*).—Reading the Diwan's Proceedings, dated 2nd March 1934, L. 6-3309/1109, to the extent, 'On account of the prevailing depression, the agriculturists in the State find it difficult to pay interest on debt incurred by them before the depression began. Owing to the precipitous fall of agricultural prices, debts incurred by agriculturists five or more years ago on the security of their lands have now been increased by anything up to 300 per cent in term of agricultural commodities.....' and the resolution passed by this Hon'ble House on 20th February 1934, namely, 'This Council recommends to the Government to formulate a scheme to scale down agricultural debts in proportion to the fall in prices', will the Government state whether they intend to take immediate advantage of this non-official sanction for an official proposition?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—Government have been doing everything possible to mitigate the effects of the economic depression.

Mr. K. M. Ibrahim (*Cranganur*).— May I know what more the Government intend to do in this matter?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—I have already answered that question.

28. Mr. K. M. Kunhi Moideen (*Kattur*).—Will the Government be pleased to state:—

(a) whether they are aware that

(1) a Communique was issued by the Government of Cochin on 2nd March 1934 wherein was stated 'On account of prevailing depression the Agriculturists in the State find it difficult to pay interest on debts incurred by agriculturists five

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or more years ago on the security of their lands have now increased by anything up to 300 % in terms of agricultural commodities';

(2) a resolution, viz., 'This Council recommends to the Government to formulate a scheme to scale down Agricultural debts in proportion to the fall in prices' was passed by this House on the 20th February 1934;

(3) the Antony Committee has recommended to limit the rate of interest at 6 per cent on agricultural debts;

(b) why in face of their own admission, the recommendations of this Council, the report of their own Committee, Government has not carried out a scheme of debt-redemption?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—

(a)

(1) Yes.

(2) Yes.

(3) Yes; 6 per cent for secured debts over Rs. 1,000.

(b) Please see answer to Question No. 27. All feasible steps have been taken from time to time to give temporary relief to indebted agriculturists.

That is not a full statement of the recommendations of the Committee. Their recommendation was 6 per cent for secured debts over Rs. 1,000, 7½ per cent for those below Rs. 1,000 and 9 per cent for unsecured debts.

Mr. K. M. Kunhi Moideen *(Kattur).*—In spite of divergence of opinion were they not unanimous in their recommendation for the limitation of interest? Why have not the Government acted up to it?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—Government have accepted some of the recommendations of the Committee.

Mr. K. M. Ibrahim *(Cranganur).*—Even between individuals, even apart from the Land Mortgage Bank, 6 per cent was recommended by the Antony Committee.

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—That has been accepted by Government in regard to secured debts.

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Mr. K. M. Kunhi Moideen *(Kattur)*.—The Committee have recommended to limit the rate of interest for transactions that have already been made.

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—There was a difference of opinion among the Committee, as to whether protection should be given to transactions already concluded or only to transactions in the future.

Mr. K. M. Kunhi Moideen *(Kattur)*.—May I know, Sir, what were the measures the Government have taken in accordance with the recommendations made by this Council and the Antony Committee?

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—The only substantial recommendation of the Antony Committee and the only one on which the Commitee was unanimous, has been fully carried out by Government. The Antony Committee was strongly of opinion that reduction of interest by itself could not give any appreciable relief to the agriculturists. This they have reported 4 or 5 times in their report. In para 15 of their report they say: "We have already stated our conviction that reduction of interest rates by itself will not afford appreciable relief to the ryots unless supplemented by measures of a more substantial nature. We spent some thought over the subject; and one feasible measure that suggested itself to us was the opening of a Land Mortgage Bank, State-aided or State-owned. We do not propose to elaborate the details of the scheme, which should be left to experts. What we are particular about is that it should be a bank which could supply long-term credit to agriculturists on easy terms. The difficulty of finding money can be overcome by issuing debentures. If practicable, the Bank should have a separate department for supplying short-term credit to ryots, payable at the succeeding harvest, for enabling them to carry on agricultural operations. The scheme, we know, is beset with difficulties. But those difficulties, it should not be beyond the capacity of experts to solve". In paragraph 16, they proceed to say: "some discrimination should also be used in the issue of loans, Loans should not be granted to all sundry, but only to deserving persons. We would divide debtors into three classes, (1) those who have passed the stage of redemption, i, e., those whose debts exceed their assets. Such persons cannot be saved and it would be better for all concerned if land passes out of the control of such improvident men and gets into more competent hands, (2) those who can command credit in the market, i. e., those whose debt is very small compared to their assess and are able to stand on their own legs, (3) those who can be saved but only with the help of the Government....."

Mr. E. Ikkanda Warriar *(Urakam)*.— We have read it hundreds of times.

Mr. President.—I am glad that the Hon'ble Members feel that.

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Mr. K. M. Ibrahim *(Cranganur).*—The Hon'ble Member read from the report that mere reduction of interest alone will not be a palliative. Some more palliative measures will be necessary, to alleviate the distress.

Mr. President.—Whether the effect of a particular passage in a report will amount to a question asking for information.

Mr. K. M. Ibrahim *(Cranganur).*—My question is whether the authority that has been read by the Hon'ble the Secretary does not contradict his own position. Further that is not an answer to my supplementary question. I am going to show that it is not in point. Apart from interest limitation we want some more palliative measures.

Dr. A. R. Menon (*Pallippuram*).—Was any action taken to bring into effect the 6 per cent rate of interest?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—The Hon'ble Member wants to know whether any legislation on the point has been passed. I would refer him to page 379 of the Report of the Budget Session of 1109, which explained what the attitude of Government was on this point.

Dr. A. R. Menon *(Pallippuram).*—Is it the position of the Government that when there is a divergence of opinion the Government shall not take any action even though the majority recommend?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—It is not a question of majority. Government had to re-examine the position in the light of a difference of opinion in the Committee and the existing conditions in the State.

Dr. A. R. Menon *(Pallippuram).*—Am I to take it that the geographical position of the State was not known before the Committee was appointed? Generally do not the Government after reading the recommendation of the Committee appointed by them form an opinion of their own?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—They too form their opinion.

Dr. A. R. Menon *(Pallippuram).*—I think the recommendation did not suit the views of Government and so it was rejected.

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—To me the suggestion is not intelligible. I do not understand what is meant by "suit the veiws of the Government".

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Dr. A. R. Menon *(Pallippuram).*—Government did not anticipate the verdict of the Committee. Is that the inference that we are to draw?

Was not that Committee appointed by Government in contrast to the one appointed by the Council?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—It was.

Dr. A. R. Menon *(Pallippuram).*—Did not the Government issue orders to that Committee to submit its report without the least possible delay?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—Yes.

Dr. A. R. Menon *(Pallippuram).*—Was it the intention of the Government to act upon the recommendations of the Committee when they issued such instructions to it?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—I do not think there is any obligation on the part of Government to accept, without examining for themselves, the recommendations of the Committee. There are other questions also which ought to be considered in this connection.

Dr. A. R. Menon *(Pallippuram).*—Were those questions brought to the notice of the Committee?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—These were considerations which the Committee ought to have taken into account in formulating their recommendations.

Dr. A. R. Menon *(Pallippuram).*—The Committee can only report according to the terms.

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—It cannot as a rule go beyond the terms. But in keeping within the terms of reference, they have to take into account relevant considerations.

Dr. A. R. Menon *(Pallippuram).*—Did not the Government issue any instructions how to conduct their enquiry?

Mr. T. S. Narayana Ayyar *(Secretary to Government).*—No. That was left to the Committee. Government only stated the terms of reference.

Dr. A. R. Menon *(Pallippuram).*—Is it not unwise to condemn the work of the Committee?

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Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—Government have never condemned it: they have, on the other hand, already acknowledged the valuable work of the committee.

Mr. K. M. Ibrahim *(Cranganur)*.—Is there not a unanimous recommendation for retrospective limitation of interest?

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—No. Opinion was divided on the question of retrospective reduction of interest.

Mr. C. R. Iyyunni *(Trichur South)*.— May I know who appointed the personnel?

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—Government.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri)*.—Can we take it, Sir, that Government thought it difficult to accept the recommendations contained in the Committee's report to limit the interests to 6 per cent for secured debts over Rs. 1,000?

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—Government thought that it would be inexpedient to pass any such legislation then.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri)*.—What exactly was the inexpediency of the measure experienced by the Government in so reducing the interest?

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—There are many agricultural debtors and by reducing the rate of interest in the manner suggested, it will become difficult for them to command credit for the future. It would be ruinous in the long run to the agriculturists themselves. The prosperity of agriculture depends very much upon the free flow of credit.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri)*.—Was it the presumption of the Government or was it the result of anything that was placed before the Government?

Mr. T. S. Narayana Ayyar *(Secretary to Government)*.—In the light of conditions prevailing in the State and the various controversies that this question was raising in other places, Government had to come to this conclusion.

Mr. K. M. Ibrahim *(Cranganur)*.—Have the Government any information of any law enacted in Pudukkotta on this subject, a native State like ours?

Mr. President.—Government have no information.

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